

PUBLIC DEBT AND STATE RESERVE FUND

Public Debt

State Reserve Fund

Revenue Stabilization Fund

Dedicated Purpose Fund

Economic Development Opportunities Program Fund

The Joseph Fund

PUBLIC DEBT

SUMMARY OF PUBLIC DEBT

	2002 Actual	2003 Appropriation	2004 Allowance
Operating Expenses	612,792,292	816,145,704	527,593,488
Net General Fund Expenditure	103,454,800	94,020,000	82,100,000
Special Fund Expenditure	408,814,642	632,263,357	340,583,774
Reimbursable Fund Expenditure	100,522,850	89,862,347	104,909,714
Total Expenditure	<u>612,792,292</u>	<u>816,145,704</u>	<u>527,593,488</u>

X00A00.01 REDEMPTION AND INTEREST ON STATE BONDS

Program Description:

Debt service payments on the State's general obligation bonds are paid from the Annuity Bond Fund. The revenue sources for the Fund include the State property tax, general funds, and repayments from certain State agencies, subdivisions and private organizations. General funds may be appropriated directly to the Annuity Bond Fund to make up the difference between the debt service payments and funds available from property taxes and other sources. General funds for the debt service on bonds sold for public school construction are appropriated to the Maryland State Department of Education and transferred to this program as reimbursable funds.

	2001 Actual	2002 Actual	2003 Estimated	2004 Estimated
Performance Measures/Performance Indicators				
Balance beginning of fiscal year (\$)	8,220,847	10,178,753	14,040,453	14,806,746
Property tax receipts	257,100,412	270,009,145	282,503,990	301,069,669
Interest and penalties on property taxes	1,231,784	1,703,632	1,200,000	1,200,000
Loan repayments	3,063,570	3,852,147	2,915,520	2,769,018
Miscellaneous receipts	1,434,053	295,744	589,610	777,472
Accrued interest on bonds sold	263,728	1,234,652		
Prior years' discount	-84,297	-8,053	-23,195	
Bond premium	5,526,425	18,373,467	30,515,851	20,142,133
Transfer to reserve	-10,178,753	-14,040,453	-14,806,746	-181,264
Total (\$)	<u>266,577,769</u>	<u>291,599,034</u>	<u>316,935,483</u>	<u>340,583,774</u>

Appropriation Statement:

	2002 Actual	2003 Appropriation	2004 Allowance
13 Fixed Charges	495,216,684	497,297,830	527,593,488
Total Operating Expenses	<u>495,216,684</u>	<u>497,297,830</u>	<u>527,593,488</u>
Total Expenditure	<u>495,216,684</u>	<u>497,297,830</u>	<u>527,593,488</u>
Net General Fund Expenditure	103,094,800	90,500,000	82,100,000
Special Fund Expenditure	291,599,034	316,935,483	340,583,774
Reimbursable Fund Expenditure	100,522,850	89,862,347	104,909,714
Total Expenditure	<u>495,216,684</u>	<u>497,297,830</u>	<u>527,593,488</u>

Special Fund Income:

X00301 Annuity Bond Fund	291,599,034	316,935,483	340,583,774
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Reimbursable Fund Income:

R00A02 Aid to Education	100,522,850	89,862,347	104,909,714
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PUBLIC DEBT

X00A00.05 RELATED EXPENSES ON STATE BONDS

Program Description:

General funds are budgeted in this program for penalty and rebate associated with the State's general obligation bonds. Special funds are budgeted to reflect the purchase of State and Local Government Securities, the maturity of which will provide funds for debt service payments on refunded bonds.

	2001 Actual	2002 Actual	2003 Estimated	2004 Estimated
Performance Measures/Performance Indicators				
Penalty and arbitrage (\$)	200,075	360,000	3,520,000	
Purchase of SLGS for refunded bonds (\$)		117,215,608	315,327,874	
Total (\$)	200,075	117,575,608	318,847,874	

Appropriation Statement:

	2002 Actual	2003 Appropriation	2004 Allowance
13 Fixed Charges	117,575,608	318,847,874	
Total Operating Expenses	117,575,608	318,847,874	
Total Expenditure	117,575,608	318,847,874	
Net General Fund Expenditure	360,000	3,520,000	
Special Fund Expenditure	117,215,608	315,327,874	
Total Expenditure	117,575,608	318,847,874	

Special Fund Income:

X00305 Proceeds from Refunding Bonds	117,215,608	315,327,874
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STATE RESERVE FUND

OBJECTIVES

Article III, Section 32 of the Maryland Constitution authorizes the General Assembly to place a contingent fund at the disposal of the Executive. A State Reserve Fund is authorized in Sections 7-309 through 7-311, 7-314 and 7-324 of the State Finance and Procurement Article and is comprised of the following: (1) Revenue Stabilization Fund, (2) Dedicated Purpose Fund, (3) Economic Development Opportunities Program Fund, (4) Catastrophic Event Fund, and (5) The Joseph Fund. The objectives of the Fund are to designate, provide for and appropriate certain reserve funds for future use when the magnitude and timing of fiscal requirements are uncertain and retain in escrow State revenues for future requirements to reduce the need for future tax increases.

SUMMARY OF STATE RESERVE FUND

	2002 Actual	2003 Appropriation	2004 Allowance
Operating Expenses	233,384,408	181,028,777	3,000,000
Original General Fund Appropriation.....	216,859,408	181,028,777	
Transfer/Reduction	20,400,000		
Total General Fund Appropriation.....	237,259,408	181,028,777	
Less: General Fund Reversion/Reduction.....	3,875,000		
Net General Fund Expenditure.....	233,384,408	181,028,777	3,000,000

	2001 Actual	2002 Actual	2003 Estimated	2004 Estimated
Performance Measures/Performance Indicators				
Balance as of June 30 (\$ in millions)				
Revenue Stabilization Fund	888.1	547.9	490.6	505.3
Dedicated Purpose Fund.....	115.7	100.8	11.4	
Economic Development Opportunities Fund.....	13.9	21.1		
Catastrophic Event Fund	1.7	.2	.2	.2
The Joseph Fund.....	10.6	8.1	8.2	
Total	1,030.0	678.1	510.4	505.5

Y01A01.01 REVENUE STABILIZATION FUND

Program Description:

Section 7-311 of the State Finance and Procurement Article establishes the Revenue Stabilization Fund to retain revenues for future needs and reduce the need for future tax increases by moderating revenue growth. Appropriations are not required in years when the account balance exceeds 5 percent of the estimated general fund revenues. The transfer of funds from the Fund must be authorized by (1) an act of the General Assembly or (2) a specific provision of the State budget bill as enacted. The use of a budget amendment for fund transfer is prohibited.

Appropriation Statement:

	2002 Actual	2003 Appropriation	2004 Allowance
12 Grants, Subsidies and Contributions.....	171,759,408	181,028,777	
Total Operating Expenses.....	171,759,408	181,028,777	
Total Expenditure	171,759,408	181,028,777	
Original General Fund Appropriation.....	141,759,408	181,028,777	
Transfer of General Fund Appropriation.....	30,000,000		
Net General Fund Expenditure.....	171,759,408	181,028,777	

STATE RESERVE FUND

Y01A02.01 DEDICATED PURPOSE FUND

Program Description:

Section 7-310 of the State Finance and Procurement Article establishes the Dedicated Purpose Fund to (1) retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain and (2) meet expenditure requirements. Certain restrictions apply on the use of funds and the manner in which funds may be transferred from the Fund.

Appropriation Statement:

	2002 Actual	2003 Appropriation	2004 Allowance
12 Grants, Subsidies and Contributions.....	45,000,000		
Total Operating Expenses.....	45,000,000		
Total Expenditure	45,000,000		
Original General Fund Appropriation.....	54,600,000		
Transfer of General Fund Appropriation.....	-9,600,000		
Net General Fund Expenditure.....	45,000,000		

Y01A03.01 ECONOMIC DEVELOPMENT OPPORTUNITIES PROGRAM FUND

Program Description:

Section 7-314 of the State Finance and Procurement Article establishes the Economic Development Opportunities Fund to establish a loan or grant program to: (1) assist in the retention or expansion of existing private or public sector entities, (2) assist in the establishment or attraction of private and public entities new to the State, (3) provide assistance where existing government programs lack sufficient resources or are constrained by timing or program design from being utilized, and (4) promote economic development in the State. Certain restrictions on the use of the Fund are mandated. The resources of the Fund may be transferred by approved budget amendment after approval by the Legislative Policy Committee.

Appropriation Statement:

	2002 Actual	2003 Appropriation	2004 Allowance
12 Grants, Subsidies and Contributions.....	11,625,000		3,000,000
Total Operating Expenses.....	11,625,000		3,000,000
Total Expenditure	11,625,000		3,000,000
Total General Fund Appropriation.....	15,500,000		
Less: General Fund Reversion/Reduction.....	3,875,000		
Net General Fund Expenditure.....	11,625,000		3,000,000

STATE RESERVE FUND

Y01A06.01 THE JOSEPH FUND

Program Description:

Section 7-327 of the State Finance and Procurement Article establishes The Joseph Fund to set aside reserves in times of economic prosperity to meet the emergency needs of economically disadvantaged citizens of the State, especially in times of economic downturn. For fiscal year 2001, the Governor may include in the budget bill an appropriation equal to the lesser of 40% of the unappropriated surplus as of the end of the fiscal year two years prior or \$10,000,000; in subsequent years, it is the lesser of 20% or \$5,000,000. Once the balance in the fund has reached \$15,000,000, the Governor may authorize in a fiscal year the expenditure of up to 25% of the investment earnings of the fund from the prior fiscal year. Upon certification from the Department of Labor, Licensing, and Regulation that the statewide unemployment rate has increased for 3 consecutive months, the Governor may authorize in a fiscal year the expenditure of up to 100% of the investment earnings of the fund from the proceeding fiscal year and 40% of the remaining balance of the fund.

Appropriation Statement:

	2002 Actual	2003 Appropriation	2004 Allowance
12 Grants, Subsidies and Contributions.....	5,000,000		
Total Operating Expenses.....	5,000,000		
Total Expenditure	5,000,000		
Net General Fund Expenditure	5,000,000		

